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RURAL ELECTRIFICATION ADMINISTRATION, U. S. DEPARTMENT OF AGRICULTURE



"Want to" PAYS OFF

A little more than a year ago, the Lometa Refrigeration Cooperative, Lometa,

Texas, was in such poor financial condition that the directors seriously considered closing down the locker plant. Today the locker plant is operating well in the black. It is a thriving community enterprise serving not only the townsfolk but an ever-widening circle of ranchers.

The steps which the co-op took to achieve its present good showing are not only interesting because they show that a "will to succeed" can bring results, but they may help other enterprises in a similar situation.

The co-op went into actual operation late in 1947. Due to the co-op being unable to secure a really qualified manager, and the supply of meat becoming more plentiful, the operation was unsuccessful from the start.

After many changes in management and a continuation of the decline, the control of the locker plant was turned over to the Hamilton County Electric Cooperative, Hamilton, Texas, which had sponsored the locker plant originally. The electric co-op tried to improve the locker plant's operating methods, and to stimulate its business activities. But during 1949, the plant continued to lose money, operating at an average loss of \$341.00 per month. During the first 5 months of 1950, losses per month averaged \$747.00.

In May 1950, representatives of the REA Locker Plant Section were invited to survey the locker plant at Lometa. A survey made of the plant and the area it served indicated that the plant's facilities were well built but

in a badly neglected state. It was equipped to render complete service, including a slaughter room, curing room and vegetable kitchen, in addition to the standard cooler, freezer and locker room. It had 400 lockers, drawing its clientele principally from Lometa (population 1000) and surrounding ranching communities.

Under proper management, it was believed that the plant could be self-supporting, REA representatives reported to the Hamilton co-op directors.

Co-op officers still felt discouraged over the long period of losses which the locker plant had sustained. The co-op president, Troy Dutton, and manager, Weldon Groves, came to Washington and laid before REA officials a proposal that the locker plant be disposed of, and that the Hamilton co-op be permitted to absorb the loss.

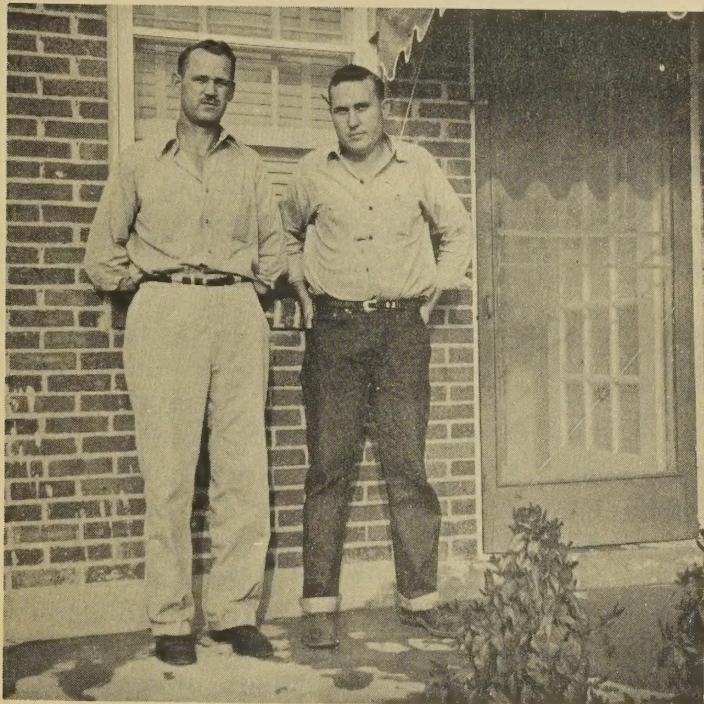
During the discussion as to the future of the locker plant, representatives of REA's Locker Plant Section pointed out that the survey which had been made indicated that, under proper management, the locker plant should be able to pay its way. It was suggested that REA develop a plan for the locker plant operations for the next year. If at the end of this period the plant conditions were still unsatisfactory, REA would consider the co-op's plan of disposal.

REA's Locker Plant specialists made a thorough analysis of the locker plant's situation. The "Plan of Success" was prepared, one step of which called for the hiring of a qualified manager. The position was advertised in the LOCKER MANAGEMENT MAGAZINE and many applications were received for the job. Nicholas Kossuth seemed extremely well qualified and was invited to Lometa to meet the co-op representatives and look the situation over.

With many years of experience in locker plant work, Mr. Kossuth came highly recommended by his employer. After consultation with co-op officials and an understanding of exactly what the job would entail, he was offered and accepted the position.

Mr. Kossuth reported for duty on September 1, 1950. A few days later, representatives of the REA Management Division met with the co-op's board of directors and Mr. Kossuth. The "Plan of Success" was presented to the board in detail. When it was thoroughly understood by everyone present, including Mr. Kossuth, it was adopted by the board as a blueprint for operating the plant. The board pledged every co-operation to Mr. Kossuth in his efforts to put the locker plant on its feet. Mr. Kossuth promised to put his whole effort into the undertaking.

One of the features of the "Plan of Success" called for paying Mr. Kossuth a bonus in addition to his base salary. Details of this incentive pay plan were worked out between the board and Mr. Kossuth, so that he would be paid directly in proportion to the revenue he produced for the plant. In this way, there would be greater incentive to make the locker plant of maximum benefit to the community.



Mr. Kossuth, left, and
Mr. Roberts

phoned at any hour in the twenty-four. He has displayed his phone number on the locker room door so that anyone can get in touch with him at any time.

He soon found that running a rural locker plant called for a different approach than he had used previously in city locker plants. In the rural locker plant, he found, the patron's personality is the main consideration. So he studied the patrons, learned their individual likes and dislikes. He fitted this knowledge into the "Plan of Success," which he continued to use as a blueprint. For example, one of the best customers was offended because the locker plant had sent her a bill.

Mr. Kossuth retained only one former employee, Mr. John Roberts. Kossuth planned the flow of work so that two men could do the job from slaughtering to storing. Mr. Roberts, as energetic as Mr. Kossuth himself, deserves a lot of credit for helping in the co-op's present success.

The first activity of the new manager was to clean the plant thoroughly, paint and redecorate so that it presented an attractive sanitary appearance. This condition is constantly maintained.

Mr. Kossuth informed the patrons that he could be

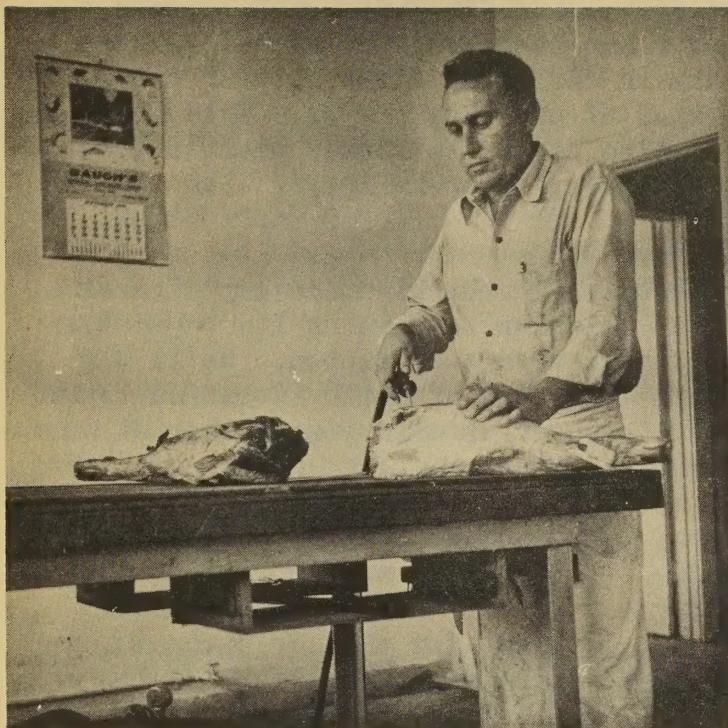
No one in the community ever sent her a bill and she considered it an insult to receive one. Another party stated that if the locker plant's bill wasn't on his desk by the tenth of the month, the plant didn't get paid.

With each contact, Mr. Kossuth pointed out ways in which the locker plant could serve the patron. Sometimes a patron protested that the "new" system was different from the "old," before Mr. Kossuth took over. Examples of this attitude were:

"We never paid for storage for lard."
"No one ever made us pay for overflow."
"We never had to bring our keys, we just used the pass key."
"No, don't render our lard. We had some done here before and it was sour."

Mr. Kossuth met each of these comments with a courteous explanation of the locker plant's new policy, and the reason for it. Thus, the patron who was reluctant to bring his own locker key, received the factual explanation that if the plant's employees had to interrupt their work to open a patron's locker, it would mean continuous interruptions, and it might even mean that that patron's meat would not be cut and processed as promptly as should be done. By creating the impression that the locker plant really wanted to render the best possible service, he used many such experiences to help build good relations with patrons. Moreover, the locker plant is now collecting for services which had been rendered previously without charge. In addition to being good business financially, it has the added advantage in that patrons are all treated equitably, without one monopolizing employees' services.

Mr. Kossuth has placed great emphasis on personal contacts and on the personal service the Lometa locker plant gives patrons. He calls on newcomers to the community. Mrs. Kossuth frequently accompanies her husband on these visits. A sample of the locker plant's speciality - cured meat - is taken along and personally given to the householder. This cured meat has been developed to introduce the quality of the plant's products to the community. When the sample is presented, the Kossuths take the opportunity to tell more of the plant, and stress the high quality of the service it renders.



Mr. Roberts Preparing one of the
Plant's Famous Hams

The Kossuths often make these calls during mealtimes, so that the family's eating habits can be observed. By knowing whether a family habitually eats a variety of foods, or relies mainly on black-eyed peas and pork, he can help them to understand that a well-filled locker can give them better eating at reasonable cost. For example, if he observed that the family churned its own butter, he could point out that the locker is a good place to keep a stock of butter. He also notes whether the family appears prosperous; whether they have a garden; and do they can or freeze

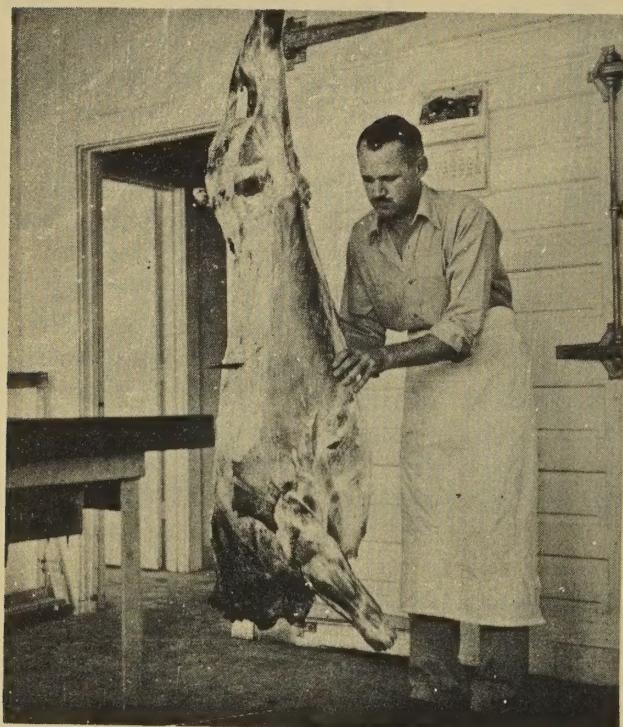
their vegetables? Also, because many a locker plant is blamed for a tough steak when the fault lies in the cooking, not in the processing or storing, Mr. Kossuth is always on the alert for the type of cooking equipment in a home, to use as a guide for the method of processing the food for this particular home.

A record is kept of each call made, and the helpful ways in which the locker plant might serve the family. No attempt has been made to estimate the indirect benefits of these visits, but Mr. Kossuth is sure that they have brought much additional business. He knows that so far he has sold a quarter or half of beef for every ten calls.

Mr. Kossuth has found that cutting and packaging meat to fit the family needs saves many dollars for the patron, and delivers more meals per animal slaughtered whether it is a beef or a hog. He encourages the lady of the house to be at the plant when her meat is being cut and decide how thick the steaks are to be cut, how much stew meat, hamburger, or roasts are to be provided, and in what size packages; how the bacon is to be cured, and so forth.

Because many patrons have difficulty telling the difference between a one-half inch, a quarter-inch, and a one-inch cut, Mr. Kossuth has on display artificial models of steaks in different sizes so that the patrons can tell at a glance the kind of cut they prefer. This makes it easy for them to decide, and it also saves the locker plant's time. The patron is always supplied an inventory of their locker with one copy being filed at the plant.

Mr. Kossuth makes a practice of periodically checking the contents of patrons' lockers. When he sees that a locker is running low on meat, or other commodity, he calls it to the patron's attention. He'll say something like this: "I see you are about out of beef. Come and let me show you a good hind quarter. We can put this in your locker at a great saving to you."



Mr. Kossuth Breaks a Carcass, Just Sold,
for a Patron's Home Freezer

Mr. Kossuth has installed in the locker plant lobby. He keeps it filled with a full line of frozen foods and ice cream. In season, he also sells crates of strawberries and ice cold watermelon at wholesale prices.

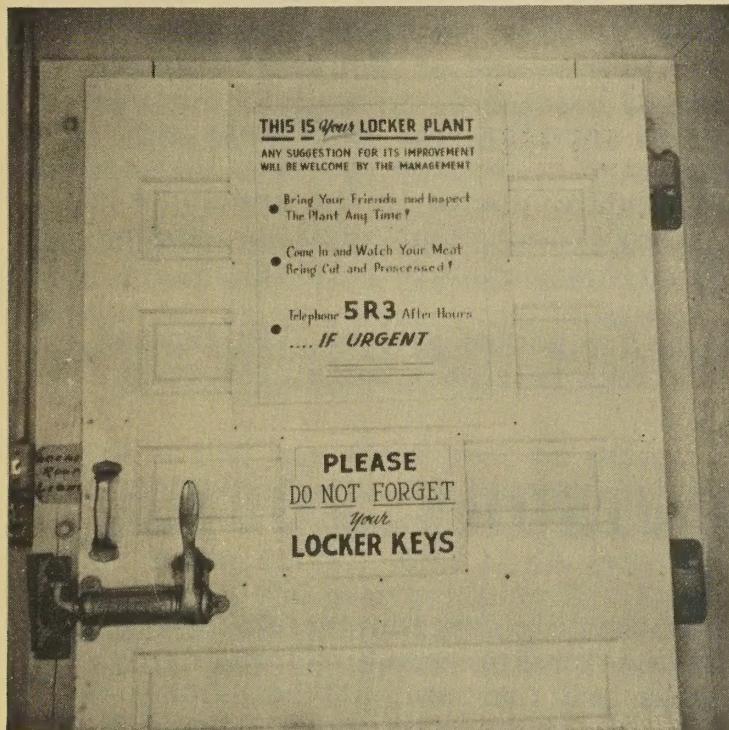
Mrs. Kossuth is always available to go to any patron, or prospective patron's home, when invited, and give assistance in preparing fruits, vegetables or other foods for the freezer.

A comparison of prices of meat bought at the stores and the prices charged by the locker plant for similar products, is always handy. Mr. Kossuth points out to patrons the savings they can make, and the better cuts they get when they buy a half or a quarter of beef at the locker plant. This supplying of the meat by the plant enables the patron to buy the cuts of meat he prefers to eat and not have his locker space taken up with undesirable cuts that naturally accumulate when slaughtering their own animals. Mr. Kossuth gave a demonstration of meat cutting before the Homemakers Club. Frozen orange juice was served, Mrs. Kossuth explaining the merits of frozen food over canned food. This demonstration tied in nicely with a new frozen food cabinet that

VISITORS WELCOME

The locker plant is open to visitors at all times. It is the plant's policy to show anyone interested every detail of the plant, and to stress the point that the plant is "your plant, and an asset to the community."

The time that it takes from regular work to show visitors around is more than made up in the public relations value gained. Mr. Kossuth gets the routine work done after regular hours, if need be. It is this condition that helps make the incentive pay plan a success -- the manager knows that he's getting paid for any extra time and effort that he puts into the job.



Signs Help

Mr. Kossuth from time to time during the year in which he has managed the plant. This two-way exchange of information helps round out the "Plan of Success" which is being consistently followed by Mr. Kossuth.

This round-the-clock service also benefits the plant in another way. Mr. Kossuth has emphasized to the patrons that he will meet them at the plant whenever they need him in an emergency. Such an emergency may be when a calf or head of livestock may be hit by a car at night; or a family reunion or community group planning a barbecue, which means that at 3 in the morning someone will want to get a steer from the chill room. Mr. Kossuth cheerfully meets the patron at the locker plant and fulfills their requirements.

REA Management fieldmen, and locker plant specialists have conferred with

COMMUNITY LIKES THEM

The Kossuths have entered into many community activities. Mrs. Kossuth is chairman of an "Improve Your Town" program sponsored by the Women's Club. As part of this activity, she set about beautifying the locker plant surroundings. An awning has been added to the plant. The ground has been cleared and seeded, trees and flowers were planted, driveways around the plant have been scraped, filled and leveled, and an adjoining lot was acquired and developed into a parking area. The whole section has become more attractive as a result of the improvement to the locker plant grounds.

Mrs. Kossuth has given talks at the Women's Club, PTA, and even the Lions Club. She is leader of a Girls Scout Troop.

Mr. Kossuth attends monthly dinners of the Quartermasters at Fort Hood. He and his wife both believe that these outside activities have brought the plant a great many more patrons who might not otherwise have learned of the complete "quality" services that the locker plant can give them.

Mr. Kossuth has been "selling" the services that the Lometa locker plant offers to an ever-widening circle, despite the fact that there are two other progressive refrigeration plants in the area. He has had to both "sell" and "resell" the locker plant services, and he has done so by stressing the plant's superior facilities.

At Christmas time he gave a party for locker patrons. He donated ten prizes, ranging from alarm clocks to cowboy belts, for which the guests held drawings.

LOCKER ADVISORY BOARD

One of the most successful ideas that the new manager employed in building good public relations is a local locker advisory board. This board consists of three women and four men, all boxholders at the plant. They serve for three months and meet one evening a month at the Kossuth's home.

Over simple refreshments, the board discusses everything that pertains to the plant - complaints, suggestions for improved service, etc. At the end of each three-month period, the board members elect their successors. This board gives the people of the community a feeling of responsibility for the plant, and brings good and bad news to the manager's attention which might otherwise never reach him.

As contrasted to the partially rented lockers which existed when Mr. Kossuth took office, the plant is now rented to capacity. Many of the former patrons had been drifting away from the co-op plant because they had felt they were not getting the service they wanted. Mr. Kossuth has changed that trend. In addition to running at full capacity, he has a list of prospective patrons waiting for service when it can be given to them.

Other improvements initiated by Mr. Kossuth are the following:

Processing Room: Equipment rearranged for more efficient operation; new top for cutting table; and saw dismantled, cleaned and painted.

Quick Freeze Room: Old iron racks which tore paper were replaced with modern equipment. Platform scales have been installed for weighing lard, etc. A hand truck has been purchased; another truck made, so that trays can be wheeled into the freezer and into the locker room with less individual handling of packages. A scalding vat has been salvaged, cleaned and installed for soaking cured meat to be smoked.

Dryers were installed in the refrigeration system to maintain zero temperature instead of 10 degrees above zero as before. These dryers were eliminated when the plant was built, resulting in several hundred dollars in repair bills in past years.

Mr. Kossuth has collected all delinquent accounts which he inherited when first employed. He has installed a new system of bookkeeping. Except for daily records, the bookkeeping is handled by an outside firm on a contractual basis. Mr. Kossuth and Mr. Roberts have done all the routine work at the plant.

At the end of his first year as manager, the locker plant has made strides toward success. The sponsoring electric co-op has not advanced any money for its operation. The plant has become self-sufficient - paid its own bills. This is in great contrast to the condition that prevailed in the year prior to Mr. Kossuth's employment. During that year (1949-50) the sponsoring electric co-op had to advance more than \$4,000 to keep the locker plant in operation.

At the end of his first year as manager, the co-op board has given Mr. Kossuth a vote of confidence. He enters on his second year as manager with the knowledge that the future looks bright for the locker plant.

* * * * *

This story, of a locker plant's resurrection, is proof positive that a locker plant's condition can be improved.

The service of the Locker Plant Section in REA is available to REA cooperative plants. If your plant is in need of some improvement, the services of the Locker Plant Section are available to you on request.

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The secret of Mr. Kossuth's success is no secret. It may be summed up in good public relations, constant customer contact, a strictly followed customer-education program; developing of a speciality, and anticipation of patron needs.

Other locker plants are making similar progress. As their story unfolds, we will tell it to you in future issues of your locker plant newsletter.

Lometa Refrigeration Cooperative
Lometa, Texas,
Texas 143 Lometa

Net loss or gain

Mr. Kosuth
starts as
Manager

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400

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